[Translation]

(Securities Code: 5012)
March 9, 2007

To the Shareholders

D. G. Wascom
Representative Director, Chairman and President
TonenGeneral Sekiyu K.K.
8-15, Kohnan 1-chome, Minato-ku, Tokyo

Notice of the Ordinary General Meeting of Shareholders

We hereby request your attendance at the Company's 87th Ordinary General Meeting of Shareholders, which meeting is scheduled at the time and place specified below. When you attend the meeting in person, you are kindly requested to submit the enclosed voting rights exercise form to the receptionist prior to entering the meeting.

If you are unavailable to attend the meeting, you may exercise your voting privileges in writing as follows: review the attached Reference Materials for the Shareholders' Meeting; to exercise your voting rights, respond "yes" or "no" to each agenda item on the enclosed form; and return the form to us.

1. Time & Date: 10:00 a.m., Tuesday, March 27, 2007
2. Venue: In the room "Pegasus", 1F, Hotel Nikko Tokyo
   9-1, Odaiba 1-Chome, Minato-Ku, Tokyo
   (Please confirm the venue with the attached map on the last page.)
3. Matters Constituting the Purpose of the Meeting:

   Items for Report:

   1. Report of Business Report, and Consolidated Financial Statements for the 87th Business Term (January 1, 2006 through December 31, 2006), and Audit Reports for Consolidated Financial Statements by Accounting Auditor and the Board of Statutory Auditors
   2. Report of Financial Statements for the 87th Business Term (January 1, 2006 through December 31, 2006)

   Items for Resolution:

   Item No.1: Approval of Proposed Retained Earnings Distribution
   Item No.2: Partial Amendment to the Articles of Incorporation
   Item No.3: Election of Five Directors of the Board
   Item No.4: Election of Three Statutory Auditors
   Item No.5: Election of One Alternate Statutory Auditor

Item No.6: Election of Accounting Auditor

Item No.7: Presentation of Retirement Rewards to Retiring Statutory Auditor

4. Other Matters Regarding Convocation

You may exercise your voting rights by proxy. One proxy for each shareholder is allowed. The person who exercises your proxy will have to submit to the Company a document evidencing authorization to execute the proxy.

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Any required corrections to the Reference Materials for the Shareholders' Meeting, and/or the Business Report, Consolidated Financial Statements and/or Financial Statements, will be placed on the Company's web-site. (http://www.tonengeneral.co.jp)

BUSINESS REPORT

(For the year ended December 31, 2006)

1. Business Overview

(1) Developments and Results of Operations

<General Business Conditions>

The 2006 Japanese economy continued to expand steadily with support of the corporate sector mainly due to strong exports and business fixed investment. Personal consumption, however, remained sluggish.

The spot price for Dubai crude oil (generally used as a reference price for our industry in the Asia-Pacific region) started at 55 dollars per barrel at the beginning of this year and rose to a peak of 72 dollars per barrel in July. A downward trend began in the latter half of August, reaching a low for the year of 54 dollars per barrel toward the end of September, after which spot prices remained between 55 and 60 dollars per barrel until the end of the year. The average price for 2006 was 61.5 dollars per barrel, 25% higher than that of the previous year. The average U.S. dollar-yen exchange rate for the year was around 117.4 yen per dollar, about 6.2 yen weaker than that of 2005. As a result, the average crude conversion cost (on a loaded basis) for 2006 was 45.4 yen per liter, which was 10.9 yen, or 32% higher than the average for the previous year. Driven by crude price increases, domestic retail market prices for gasoline, diesel and kerosene in 2006 rose 10.7 yen (17%), 11.7 yen (18%) and 15.8 yen (26%) per liter, respectively.

Overall demand for oil products decreased in 2006 versus the previous year, leading to slight decreases in industry crude runs. Gasoline demand slightly decreased over the previous year, due to decrease in Gasoline-engine car population coupled with lower consumption resulting from increased retail prices. Kerosene demand decreased due to the rebound of colder winter impacts in the first and fourth quarter of the previous year. In a continuing multi-year trend, sales of heavier products such as Diesel, Fuel Oil A and Fuel Oil C declined due to more efficient operations in the transportation sector, and fuel switching to other energy sources.

Japanese basic chemical production continued to be high in 2006, mainly due to continuing strong demand in China. Japanese ethylene production in 2006 was slightly lower than production in 2005 which was the second highest in history. However, considering the number of turnarounds at ethylene plants in 2006, ethylene production was still very high. Paraxylene production was almost the same as the production in 2005, which broke the historical high record.

The Asian spot market price for these products, excluding benzene, continued to increase since a firm supply and demand environment enabled pass-through of petrochemical feedstock cost increases. Increases in 2006 of Asian spot market prices, in US dollars, for petrochemicals were: for paraxylene +28%, for ethylene +27%, and for propylene +16%. Asian benzene spot prices for the first part of the year were stagnant in reaction to a sluggish supply/demand environment, but began to pick up in October due to United States contract price hikes. Overall, benzene prices increased about 6% versus the prior year. As for 2006 petrochemical industry margins, the benzene margin was lower than the previous year due to supply/demand factors, but the margins for other products remained high in comparison to historical levels.

<Results for the Term>

With regard to the consolidated financial results of TonenGeneral, Sales Revenue for the current period increased by 7.8% from the previous year, and amounted to ¥3,078,772 million, mainly due to elevated product selling prices reflecting increases in crude costs.

Operating Income was ¥58,694 million, an increase of ¥38,716 million from the previous year. This result reflects a smaller adverse impact than in 2005 related to our inventory accounting method as compared with industry: the TonenGeneral group accounts for purchased crude when it is loaded, whereas most of the industry account for the crude cost when it arrives in Japan, so that crude price changes affect our results approximately one month earlier than industry. In 2006, overall crude price increases were lower than in the pervious year, benefiting our Operating Income versus the prior year. Operating costs continued a multi-year decline. The Chemical segment continued its favorable results, due to strong margins and growth in the Specialty businesses. The TonenGeneral group applies the LIFO/LOCOM method for inventory evaluation; and the profit due to the inventory evaluation in Operating Income was ¥7.8 billion, a reduction from the ¥15.4 billion in the previous year. These inventory evaluation effects do not affect our cash earnings.

Net Non-operating Income was ¥7,293 million, which included equity earnings of affiliates and gains on foreign exchange. Ordinary Income amounted to ¥65,987 million, an increase of ¥43,165 million from the previous year. Extraordinary items resulted in a Net Extraordinary Loss of ¥3,251 million; the major elements were loss on asset sales and asset impairment. As a result, net income amounted to ¥39,820 million, ¥26,804 million higher than the previous year.

Total assets at the end of the period totaled ¥1,019,517 million, or ¥51,183 million higher than the year before. Net Assets (including Minority Interests) decreased by ¥17,980 million from the previous year to ¥249,155 million.

The following table shows segmented Sales Revenue and Operating Income in 2006.

Millions of yen

	Oil	Chemicals	Others	Elimination	Consolidated
Net Sales	2,787,180	290,325	1,266	-	3,078,772
Operating Income/Loss	9,525	49,422	-38	-214	58,694

TonenGeneral paid interim dividends of ¥18.50 per share in accordance with the resolution made at the Board of Directors’ Meeting held on August 22, 2006.

<Oil Business Results>

- Production -

Crude runs at the Kawasaki, Sakai and Wakayama refineries in the current term decreased by 9.0% as compared with the previous term to a total of 30,090 thousand kl, with topper utilization at 78.5%. Including the Nishihara refinery of Nansei Sekiyu K.K., an 87.5% subsidiary of TonenGeneral, crude runs decreased by 8.9% as compared with the previous term to a total of 32,527 thousand kl, with topper utilization at 73.7%.

In Refining, TonenGeneral continued to focus on raising efficiency and optimizing equipment configuration, on a long-term basis. To enhance our facilities, we are in the process of investing more than 25 billion yen over and above the levels of our usual annual investment programs. These investments for facility enhancements will continue until 2007. In particular, in view of regulatory requirements for gasoline and diesel fuel quality and structural changes in demand, we are constructing facilities to allow us greater flexibility in the use of feedstocks and in operating modes to respond to market changes. A part of these facilities has already been completed and started operation in the second half of 2006.

In addition, in an effort to develop the ability to achieve reasonable financial results even under severe market conditions, we are continuing to implement our “Profit Improvement Programs”. These programs include diversification of crude oil procurement to include more crude oils with discounted prices due to their processing difficulties, more procurement from non-traditional sources, and development of technologies for handling such crudes. In the second half of the year, we imported and processed new crude oil from Sakhalin 1 Project, in which ExxonMobil has an equity interest, prior to the other oil companies in Japan.

In order to take advantage of economically feasible product export opportunities, we are investing in capacity expansion of our export facilities. In addition to profitable Gas Oil and Jet Fuel exports, we are achieving maximum production value by actively increasing the exchange of products and semi-finished products with ExxonMobil Group refineries in the Asia-Pacific region, the U.S. West Coast and Europe.

- Marketing -

Sales volumes of oil products for the term decreased by 5.1% to 38,385 thousand-kl. All major product groups decreased from the prior year.

Expanding the branded self-service station of “Express”, with the concept of “Quickest”, “Easiest”, and “Cleanest”, TonenGeneral has proactively shifted the format to self service stations and offered customers superior service. During 2006, the number of self-service stations of TonenGeneral and the ExxonMobil Japan Group reached more than 1,000, and the memberships of Speedpass, our special key-chain attachment wireless device for payment, and Synergy card, co-branded credit card of the ExxonMobil Japan Group, each attained the 1,000,000 level. In addition, our

“General” brand, together with the ExxonMobil Japan’s group’s “Esso” and “Mobil” brands, achieved the top and upper ranks in a self-service customer satisfaction survey conducted by a third-party industry group this year.

Moreover, based on the partnership alliance with Seven-Eleven Japan Co. Ltd, the ExxonMobil Group, with TonenGeneral participation, has been developing combined convenience stores and service stations. Currently, pilot sites are operating to evaluate the synergy effects of this combination. If these are successful, the alliance is expected to be rolled out on a nation-wide basis.

Focusing on the management efficiency and competitiveness of Dealers, TonenGeneral and ExxonMobil Japan Group continuously promote “Network Counseling Program”, and “GINA+”, a sales volume forecast model which analyzes the site potential and earnings projections of service stations. We also continue to promote RSOI, a retail site operation efficiency improvement program, which helps our dealers improve manpower efficiency. TonenGeneral works to maintain safe and highly reliable operations at each service station, taking full advantage of the ExxonMobil global OIMS (Operations Integrity Management System).

The following table shows our sales results by product in 2006.

Oil Product	Sales Volume Thousand kl	Sales Revenue Millions of yen
Gasoline	13,905	1,522,397
Kerosene and Diesel Fuel	10,922	630,860
Fuel Oil	9,941	458,769
Lube	349	30,095
LPG and Others	3,269	145,057
Total	38,385	2,787,180

<Chemical Business Results>

Two major strategy themes have been to capture specialty chemicals business growth and to optimize and enhance cost competitiveness of the basic chemical business. In the specialty business area, two new production lines for our micro porous film (MPF) separators for lithium ion batteries started operation in 2006 to satisfy very strong demand and high growth. Our 100% subsidiary, Tonen Kagaku K.K. and Union

Carbide Corporation, an affiliate of The Dow Chemical Company, reached an agreement to reorganize their 50%/50% joint venture to improve its competitiveness Nippon Unicar Company Limited (Nippon Unicar), which manufactures polyethylene in Japan and is a major consumer of ethylene produced by Tonen Kagaku. One of the major business improvement plans of Nippon Unicar is to enhance its specialty polyethylene business; this plan will be implemented by 2008. In our other specialty segments, we completed production capacity increases in intermediates and adhesive plants in 2006. We have been pursuing chemical and refinery integration and synergy in our basic chemical areas such as olefins and aromatics. In this area, optimum utilization of molecules, and diversification and optimization of steam cracker and aromatics feedstock have progressed in 2006.

The following tables show our sales results by product in 2006.

Chemical Product	Sales Volume Thousand ton	Sales Revenue Millions of yen
Olefins and Others	1,778	201,577
Aromatics	785	88,747
Total	2,563	290,325

(2) Capital Investment

Capital expenditures during the current term totaled ¥35,808 million for activities including the improvement of production efficiency at our refineries and the remodeling of service stations. Specifically, TonenGeneral continuously invested in its Kawasaki, Sakai, Wakayama refineries to efficiently cope with new requirements for ultra-low sulfur gasoline, and completed construction at Wakayama refinery. In the chemical segment, investments to increase production facilities of Micro Porous Films have been completed in the current term.

(3) Financing

Capital expenditures in the current term were financed by own funds, without depending on any new bank borrowings or issuance of either stocks or corporate bonds. The outstanding debt balance of TonenGeneral consolidated was ￥57.1 billion at the end of 2006 or a decrease of ￥18.5 billion during 2006.

Our basic policy is to maintain healthy financial conditions and continue stable distributions to shareholders while maximizing profits through efficient operations and selecting necessary business investments applying strict criteria.

(4) Future Prospects and Our Challenges

Although we expect moderate economic growth will continue, we cannot rely on an improving economy to enhance our profitability. We do not see major support from domestic growth as a key driver of our industry, but international trade in our products, both in fuels and chemicals, may become more important in the future as the globalization of the industry continues.

Overall, domestic demand for major oil products as a whole is anticipated to slightly decline in the future. The expected demand growth for gasoline will be weak due to the decline in gasoline-engine cars and improving fuel efficiency. Demand is anticipated to decrease in other major petroleum products due to such factors as continued streamlining in the transportation industry, and conversion by consumers to other energy sources resulting from high oil prices. Meanwhile, in the Japanese petroleum industry, there is still an excess in overall industry supply capacity, both in the refining and retail sectors, and thus the generally difficult conditions in the domestic supply/demand picture can be expected to remain unchanged, at least in the short term.

Our Chemical segment needs to progress our strategy in a timely manner in 2007 to cope well with changes in the petrochemical business environment. As we saw in 2006, fluctuations in market prices due to supply and demand situation fluctuations, especially in East Asia, may occur.

In this environment, the TonenGeneral Group continues our drive to be the most efficient industry player by taking integrated business approaches. The group pursues profits from an economic view point across the entire business including Refining & Supply, Marketing, and Chemicals, via an optimized mix of feedstock, product supply, and market channels for the highest added-value. Based on participation in our global network, we believe the TonenGeneral Group has a competitive advantage to pursue further business value.

In our oil segment, the TonenGeneral group will pursue the best balance between margins and sales volume, and lead the shift to self-service stations to meet customer demand under the "Express” concept, including network expansion for Speedpass and New Video Pumps. In order to achieve overall optimization of Marketing and Refining, as well as product supply including refinery operation, various activities are underway. We are installing facilities to supply ultra low-sulfur gasoline and diesel fuel at lower production costs and a part of that has already completed. We will make the maximum use of the new facilities to enhance our competitive position.

In our chemical segment, we are working to fully optimize our specialty chemicals business lines, whose returns are not subject to the cyclical change in profitability of our commodity chemicals such as aromatics and olefins. We will continue to pursue strategies to increase the potential demand growth of micro porous film for HEVs (Hybrid Electric Vehicle) and EVs (Electric Vehicle). We will fully support specialty polyethylene business enhancement through implementing the Nippon Unicar business improvement plan. As for commodity products, it is essential to enhance cost competitiveness to cope with the cyclical nature of the business. We will progress olefins and aromatics feedstock flexibility/optimization projects and capacity enhancement projects, fully capitalizing on strong synergies with our oil refining operations.

The TonenGeneral group strives to be a good corporate citizen in all of its business activities. Maintaining safe, reliable and environmentally responsible operations is the foundation of our business and is our “license” to operate in local communities. Our most important role is to supply our products at fair prices, using safe and environmentally conscious methods. Thoroughgoing attention to safety, health and the environment is our top operational priority, and our basic principle is to continuously improve the standards of excellence in all aspects of our operations. The TonenGeneral group conducts its operations based on OIMS (Operations Integrity Management System), a system for ensuring the highest standards in the areas of safety, health and the environment. In order to further enhance the quality of operations, we introduced LPS (Loss Prevention System), which focuses on human behavior to increase safety awareness and prevent the occurrence of incidents. Regarding environmental activities, based on a program implemented globally by the ExxonMobil Group in 2005 called “Protect Tomorrow. Today,” we have set specific targets at all of our refineries to achieve the highest level of environmental protection and we have implemented plans for achieving these targets. For example, to reduce CO2 emissions, our target is to improve energy efficiency by 2% per year starting in 2004 in order to achieve a total 10% improvement by 2009.

High standard of business conduct is another foundation of our business. Our reputation and our commitment to legal compliance and ethical conduct are true assets. With the enactment of the new Company Law in May 2006, our board of directors passed a resolution for review of all of our internal controls systems. We periodically implement refresher training for employees to increase understanding of business practices and compliance with the Antimonopoly Law. Information about our internal controls systems is available on our website.

(http://www.tonengeneral.co.jp/tonengeneral/english/index.html)

The TonenGeneral group requests its shareholders’ continued interest and support.

(5) Changes in Financial Results and Asset Status

Term / Item	84th Term Jan. 1,'03-Dec.31,'03	85th Term Jan. 1,'04-Dec.31,'04	86th Term Jan. 1,'05-Dec.31,'05	87th Term Jan. 1,'06-Dec.31,'06
Sales revenue (M ¥)	2,135,289	2,342,276	2,856,182	3,078,772
Operating income (M¥)	33,992	63,177	19,978	58,694
Ordinary income (M¥)	38,386	68,625	22,822	65,987
Net income (M ¥)	27,712	48,243	13,015	39,820
Net income per share (¥)	46.82	81.52	22.01	68.27
Total assets (M¥)	932,586	945,537	968,334	1,019,517
Net assets (M ¥)	225,882	249,849	230,159	249,155
No. of consolidated companies	11	8	7	6
No. of affiliates on equity basis	4	3	2	2

(Notes) 1. Net income per share amount is based on the weighted-average of the number of shares outstanding during the term.

2. As for Net assets, the Company has applied "Accounting standard for presentation of net assets in the balance sheet" for the 87th term. Net assets for the 84th through 86th term shown above represent "Shareholders' equity" based on the accounting standard then in force. The amount of "Shareholders' equity" for the 87th term based on the previous standard is 248,221 (M¥).

3. 84th term
Profits increased due to increases in sales volume, higher margin for products, and reduced operating costs, as well as extraordinary gains related to asset sales.

4. 85th term
Profits increased due to higher margin for products, reduced operating costs, as well as extraordinary gains related to asset sales.

5. 86th term
Profits decreased because petroleum product margins narrowed significantly as prices of refined petroleum products did not rise sufficiently to recover significant crude oil price increases, despite robust petrochemical earnings.

6. 87th term
Developments of the term are described in "Developments and Results of Operations - Results for the Term."

(6) Business Affiliation

1) Relationship with Parent Company

① TonenGeneral’s parent company is ExxonMobil Yugen Kaisha (Y.K.), which holds 50.62 % of TonenGeneral’s total shareholders’ voting rights. ExxonMobil Y.K. is a 100% indirect subsidiary of Exxon Mobil Corporation.

② TonenGeneral has concluded an agreement relating for the supply of petroleum products to ExxonMobil Y.K.

③ TonenGeneral has concluded an agreement with ExxonMobil Y.K. under which TonenGeneral is entrusted with certain logistic functions of ExxonMobil Y.K.

④ TonenGeneral has concluded agreements for comprehensive services under which ExxonMobil Y.K. is entrusted with marketing functions and administrative functions of TonenGeneral.

⑤ TonenGeneral has concluded agreements in relation to crude oil, products and feedstocks supply, services, and research with some ExxonMobil affiliated companies abroad.

⑥ Tonen Kagaku K. K. which is TonenGeneral’s subsidiary has concluded an agency agreement with ExxonMobil Y.K., utilizing ExxonMobil Y.K. as an agent to centralize its sales and logistics operations.

2) Principal Subsidiaries and Affiliates

Name of Company	Capital	Equity Ratio	Main Business
	¥ million	%	
(Subsidiaries)			
Tonen Kagaku K. K.	4,500	100.0	Manufacturing and sales of petrochemicals
Tonen Chemical Nasu Corp.	300	100.0	Manufacturing and sales of petrochemicals
TonenGeneral Kaiun Y.K.	243	100.0	Shipping operations
Nansei Sekiyu K.K.	7,625	87.5	Import and refining of crude oil
(Affiliate)			
Nippon Unicar K.K.	2,000	50.0	Manufacturing and sales of polyethylene

Note: The Company indirectly owns the shares of Tonen Chemical Nasu Corp. and 50% of the shares of Nippon Unicar K.K., through Tonen Kagaku K. K.

3) Development of Business Affiliation

Tonen Kagaku K. K.'s 100% subsidiary, Kawasaki Polyolefin Holdings Y.K., merged into Tonen Kagaku K.K. in December 2006.

4) Combined Results

Consolidated companies consist of six subsidiaries and two affiliates on an equity basis, including the above-stated four principal subsidiaries and affiliates. Consolidated sales revenue for the current period increased by 7.8% from the previous year and amounted to ¥ 3,078,772 million. Consolidated net income for the current period increased by ¥26,804 million from the previous year and stood at ¥39,820 million.

(7) Major Business of TonenGeneral Group

Segment	Business	Major Products Handled
Oil Products	Transportation of Crude oil and Petroleum Products, and Manufacturing, Processing and Sales of Petroleum Products	Gasoline, Naphtha, Kerosene, Jet Fuel, Automotive Diesel Oil, Fuel Oils, Lube Oils, and LPG, etc.
Chemical Products	Manufacturing, Processing and Sales of Petrochemical Products	Ethylene, Propylene, Benzene, Toluene, Paraxylene, Microporous film, etc.
Others	Engineering and Maintenance Service	

(8) Principal Places of Operation of TonenGeneral Group

Company Name	Division	Location
TonenGeneral Sekiyu K.K.	Head Office Kawasaki Refinery / Research Center Sakai Refinery Wakayama Refinery	Minato-ku, Tokyo Kawasaki-shi, Kanagawa Pref. Sakai-shi, Osaka-fu Arida-shi, Wakayama Pref.
Tonen Kagaku K. K.	Head Office Kawasaki Plant	Minato-ku, Tokyo Kawasaki-shi, Kanagawa Pref.
Nansei Sekiyu K.K.	Head Office / Nishihara Refinery	Nishihara-cho, Okinawa Pref.

(9) Employees of TonenGeneral Group (As of December 31, 2006)

1) Number of Employees of TonenGeneral Group

Segment	No. of Employees	Change from End of Previous Term
Oil Products	1,847	Decrease of 116
Chemical Products	506	Decrease of 3
Others	25	Unchanged
Total	2,378	Decrease of 119

2) Employee Data of the Company

No. of Employees	Change from End of Previous Term	Average Age	Average Years of Service
1,559	Decrease of 97	45.1	24.0

Notes 1. The number of employees does not include loaned-out employees, but includes loaned-in employees.

2. The number of employees decreased during the term mainly due to retirements relating to the implementation of an “Early Retirement Program.”

(10) Major Sources of Loans (As of December 31, 2006)

Major Lenders	Amount of Loan Outstanding
	¥ million
Japan Oil, Gas and Metals National Corporation	25,000
ExxonMobil Asia Pacific Private Limited	11,915
Development Bank of Japan	9,868
Sumitomo Mitsui Banking Corporation	4,785

(11) Other Important Items for TonenGeneral Group

There are no applicable items.

2. Shares of the Company (As of December 31, 2006)

1) Total number of shares authorized to be issued: 880,937,982 shares
2) Total number of shares issued: 583,400,000 shares
3) Number of shareholders: 56,031*

(* Increase of 2,883 compared to December 31, 2005)

4) Major Shareholders

Shareholders' Name	Shares Held	
	No. of Shares	Voting Ratio
	thousands	%
ExxonMobil Yugen Kaisha	291,821	50.62
Japan Trustee Services Bank, Ltd. (Trust Account)	19,707	3.41
The Master Trust Bank of Japan, Ltd. (Trust Account)	12,018	2.08
Sompo Japan Insurance Inc.	9,423	1.63
Tokio Marine & Nichido Fire Insurance Co., Ltd.	8,156	1.41
Nippon Life Insurance Company	6,491	1.12
Kochi Shinyo Kinko Bank	6,486	1.12
Trustee & Custody Services Bank, Ltd. (Securities Trust Account)	5,929	1.02
National Mutual Insurance Federation Agricultural Cooperation	3,724	0.64
Aioi Insurance Company, Limited	3,590	0.62

3. Stock Options of the Company

The Company has not issued stock options.

4. Directors and Statutory Auditors of the Company

1) Directors and Statutory Auditors (As of December 31, 2006)

Name	Position and Responsibility	Representative Positions in Other Companies
D. G. Wascom	Representative Director, Chairman and President	Representative Director, President, ExxonMobil Y. K
		Representative Director, Tonen Kagaku K. K.
K. Suzuki	Representative Director, Vice President	Representative Director, President, TonenGeneral Kaiun Y. K.
		Director, ExxonMobil Y. K.
J. Mutoh	Representative Director, Managing Director	Director, Kyokuto Petroleum Industries Ltd
	Kawasaki Refinery Manager	
W. J. Bogaty	Director	Representative Director, Vice President, ExxonMobil Y. K.
Y. Miyahara	Director	Director, ExxonMobil Y. K.
N. Miyajima	Statutory Auditor (Full-time)	
H. Kobayakawa	Statutory Auditor (Full-time)	
S. Ikeda	Statutory Auditor	

Notes: 1. T. Ohta was elected as an Alternate Statutory Auditor at the general meeting of shareholders held on March 28, 2006.

2. D.G. Wascom and Y. Miyahara were elected as Directors at the general meeting of shareholders held on March 28, 2006.

3. J. Mutoh, Director, promoted to Representative Director, Managing Director, as of March 28, 2006.

4. D. G. Wascom, Director, promoted to Representative Director, Chairman and President, as of July 27, 2006.

5. G. W. Pruessing, Representative Director, Chairman and President resigned from the position as of July 27, 2006.

6. H. Kobayakawa and S. Ikeda are Outside Statutory Auditors.

7. N. Miyajima, Statutory Auditor, is qualified as a Certified Public Accountant of the U.S.A, and H. Kobayakawa, Statutory Auditor, is qualified as a Certified Public Accountant of Japan.

2) Remuneration Paid to Directors and Statutory Auditors

	No. of Directors / Statutory Auditors	Current Payment
		¥ million
Directors	8	310
Statutory Auditors	3	37

Notes: 1. The above amount for directors does not include the portion which employed directors receive as employees.

2. Monthly maximum remuneration approved by the Annual General Meeting held in June 1998: 30 million yen per month for all Directors, excluding the portion which employed directors receive as employees. Monthly maximum remuneration approved by the Annual General Meeting held in June 1994: 7 million yen per month for all Auditors.

3. Other than the above, the Company paid retirement rewards of 70 million yen to a retiring director based on the resolution made at the Annual General Meeting of Shareholders held on March 27, 2006.

5. Accounting Auditor

1) Name of Accounting Auditor

PricewaterhouseCoopers Aarata

ChuoAoyama Audit Corporation, which had served as accounting auditor for the Company, received an order dated May 10, 2006 from the Financial Services Agency to suspend operations for the 2-month period from July 1 to August 31, 2006. As a result, ChuoAoyama served formal notice of resignation. It was resolved at the Board of Statutory Auditors meeting held on August 22, 2006 to appoint PricewaterhouseCoopers Aarata as temporary accounting auditor and it assumed the office of temporary accounting auditor of the Company as of September 1, 2006.

2) Amount of fee to be paid to Accounting Auditor

	Current Payment (¥ million)	
	ChuoAoyama	Aarata
① Total amount of fee paid by the Company and its affiliates	1	15
② Out of the amount shown in ① above, total amount which was paid by the Company and its affiliates in compensation for audit and certification business which is stipulated in Paragraph 1, Article 2 of the Certified Public Accountant Law of Japan	1	15
③ Out of the amount shown in ② above, total amount which was paid by the Company (parent own basis) in compensation for the audit and certification business	1	12

Notes: Since the amount of audit reward is not segregated between audit based on the Company Law of Japan and that based on the Securities and Exchange Law in the audit contract between the Company and the accounting auditor, the amount shown in ③ above indicates total amount for both audits.

Consolidated Balance Sheet

(As of December 31, 2006)

(Unit: Million yen)

Account Title	Amount	Account Title	Amount
(ASSETS)		(LIABILITIES)	
Ⅰ Current Assets		Ⅰ Current Liabilities	
Cash and Cash Equivalents	664	Trade Accounts Payable	354,461
Trade Accounts Receivable	517,645	Gasoline Tax etc., Payable	234,216
Inventories	188,054	Short-tem Debt	39,666
Prepaid Expenses	2,565	Commercial Paper	5,000
Deferred Tax Assets	5,544	Other Accounts Payable	19,899
Short-term Loans Receivable	346	Accrued Expense	10,362
Other Accounts Receivable	5,352	Accrued Income Taxes	7,197
Others	2,234	Accrued Consumption Taxes	7,660
Bad Debt Allowance	△ 202	Guarantee Deposits Payable	12,647
Total Current Assets	**722,206**	Advance from Customers	5,833
		Reserve for Bonuses	1,374
		Others	2,101
Ⅱ Long-term Assets		**Total Current Liabilities**	**700,421**
Property, Plant and Equipment		Ⅱ Long-term Liabilities	
Buildings and Structures	54,826	Long-tem Debt	12,403
Tanks	6,478	Deferred Tax Liabilities	1,707
Machinery, Equipment and Vehicles	72,303	Reserve for Accrued Pension Costs	36,545
		Reserve for Officers' Retirement Allowance	169
Tools, Furniture and Fixtures	1,572		
Land	89,311	Reserve for Repairs	15,397
Incomplete Construction	26,127	Reserve for Offshore Well Abandonment	2,234
Total Property, Plant and Equipment	**250,620**		
		Others	1,483
Intangible Assets		**Total Long-term Liabilities**	**69,941**
Software	3,097	**Total Liabilities**	**770,362**
Goodwill	1,960		
Others	2,258	(NET ASSETS)	
Total Intangible Assets	**7,315**	Ⅰ Owners' Equity	
		1 Paid-in Capital	35,123
Investments and Other Assets		2 Capital Surplus	20,766
Investment Securities	14,276	3 Earned Surplus	192,010
Long-term Loans Receivable	1,217	4 Treasury Stock	△ 206
Long-term Deposits	5,361	**Total Owners' Equity**	**247,693**
Deferred Tax Assets	8,285	Ⅱ Valuation and Translation Adjustments	
Others	10,805	Valuation Difference on Available-for-Sales Securities	527
Bad Debt Allowance	△ 572		
Total Investments and Other Assets	**39,374**	**Total Valuation and Translation Adjustments**	**527**
Total Long-term Assets	**297,310**	Ⅲ Minority Interests	933
		Total Net Assets	**249,155**
Total Assets	**1,019,517**	**Total Liabilities and Net Assets**	**1,019,517**

Consolidated Statement of Income

From: January 1, 2006
To: December 31, 2006

(Unit : Million Yen)

Account Title	Amount	
Ⅰ Sales Revenues		3,078,772
Ⅱ Cost of Sales		2,984,391
Gross Margin		**94,380**
Ⅲ Selling, General and Administrative Expenses		35,685
Operating Income		**58,694**
Ⅳ Non-operating Income		
Interest Income	346	
Dividends Received	60	
Foreign Exchange Gain	6,123	
Equity Earnings of Affiliates	1,395	
Others	235	8,160
Ⅴ Non-operating Expenses		
Interest Expenses	698	
Loss on Sales and Disposal of Supplies	37	
Others	131	867
Ordinary Income		**65,987**
Ⅵ Extraordinary Gain		
Gain on Liquidation of Investment Securities	503	
Gain on Sales of Property, Plant and Equipment	108	
Gain on Sales of Golf Membership	47	658
Ⅶ Extraordinary Loss		
Loss on Asset Impairment	2,109	
Loss on Sales and Disposals of Property, Plant and Equipment	1,121	
Provision Loss on Reserve for Offshore Well Abandonment	672	
Evaluation Loss on Investment Securities	7	3,910
Income Before Income Taxes		**62,736**
Current Income Taxes		22,791
Deferred Income Tax		173
Loss in Minority Interests		47
Net Income		**39,820**

Consolidated Statement of Changes in Net Assets

From: January 1, 2006
To: December 31, 2006

(Unit: Million yen)

	Owners' Equity					Valuation and Translation Adjustments		Minority Interests	Total Net Assets
	Paid-in Capital	Capital Surplus	Earned Surplus	Treasury Stock	Total	Valuation Difference on Available-for-Sales securities	Total		
Balance at December 31, 2005	35,123	20,770	173,772	△ 85	229,580	579	579	1,015	231,174
Changes of items during the period									
Dividends from Surplus	-	-	△ 21,582	-	△ 21,582	-	-	△ 33	△ 21,615
Net Income	-	-	39,820	-	39,820	-	-	△ 47	39,772
Purchase of Treasury Stock	-	-	-	△ 210	△ 210	-	-	-	△ 210
Sales of Treasury Stock	-	△ 4	-	90	85	-	-	-	85
Net changes of items other than Owners' Equity	-	-	-	-	-	△ 51	△ 51	-	△ 51
Total changes of items during the period	-	△ 4	18,237	△ 120	18,113	△ 51	△ 51	△ 81	17,980
Balance at December 31, 2006	35,123	20,766	192,010	△ 206	247,693	527	527	933	249,155

Notes to Consolidated Statements

I. Notes to Basics for the Development of Consolidated Financial Statements

1. Scope of Consolidation

(1) Number and Name of Consolidated Subsidiaries:

① Number of consolidated subsidiaries: 6 companies

② Name of consolidated subsidiaries:
Tonen Kagaku K.K., Nansei Sekiyu K.K., Tonen Chemical Nasu Corp., Chuo Sekiyu Hanbai K.K., Tonen Technology K.K., TonenGeneral Kaiun Y.K.

There was one company removed from consolidation during this consolidated accounting period. Details follow;

- Subsidiary removed from consolidation due to merger into Tonen Kagaku K.K.:
  Kawasaki Polyolefin Holdings Y.K.

(2) Name of Non-consolidated Subsidiary and Reason for Excluding the Subsidiary from Consolidation

① Name of non-consolidated subsidiary: Kyushu Eagle K.K.

② Reason for excluding the subsidiary from consolidation:
The non-consolidated subsidiary does not materially influence the consolidated financial statements in terms of total assets, sales revenues, net income/loss or retained earnings.

2. Application of the Equity Method

(1) Number and Name of Affiliates Accounted for by the Equity Method

① Number of Affiliates Accounted for by the Equity Method: 2 companies

② Name of Affiliates Accounted for by the Equity Method:
Shimizu LNG K.K., Nippon Unicar K.K.

(2) Name of Non Equity-method Companies and Reason for not applying the Equity Method

① Name of non equity-method companies Non-consolidated subsidiary: Kyushu Eagle K.K.
Affiliate: Emori Sekiyu K.K.

② Reason for not applying the equity method:
The non-consolidated subsidiary and the affiliate do not materially influence net income or retained earnings.

3. Summary of Significant Accounting Procedures

(1) Evaluation Methods for Assets

① Inventories

- Products, goods, unfinished products and crude: generally LIFO at the lower of cost or market
- Supplies: the moving-average method

② Securities

- Other securities

  Marketable: market value at the closing date

  (Valuation difference on available-for-sales securities is directly reflected in Owners' equity, and cost of sales is calculated using the moving-average method.)

  Non-marketable: the moving-average method

③ Derivatives transactions: market value at the closing date

(2) Depreciation and Amortization of Depreciable Assets

① Property, Plant and Equipment: generally the declining-balance method

The service life ranges of major types of assets are:

Buildings and Structures:	10 years to 50 years
Tanks:	10 years to 25 years
Machinery and Equipment:	8 years to 15 years

② Intangible Assets: the straight-line method

In-house computer software is amortized over its service life (5 to 15 years) using the straight-line method.

(3) Accounting Standard for Major Reserves

- Bad Debt Allowance

To provide for the losses due to bad debt, the Company and its consolidated subsidiaries accrue an estimated bad debt allowance on ordinary receivables based on historical bad debt ratios, and on highly doubtful receivables based on the financial conditions of individual customers.

- Reserve for Bonuses

To provide for the payment of employees' bonuses, the Company and its consolidated subsidiaries accrue an estimated reserve for the consolidated accounting period.

- Reserve for Accrued Pension Costs

To provide for the payment of employees' post-retirement benefits, the Company and its consolidated subsidiaries accrue an estimated reserve based on the projected benefit obligations and estimated pension plan assets as of the closing date. Any differences in actuarial calculations of retirement benefits are amortized beginning with the next accounting period, where the declining-balance method is employed over a period which is set within employees' average remaining service years (12 years). Prior service obligations are amortized using the straight-line method over employees' average remaining service years (11.4, 12.9 and 15.5 years).

- Reserve for Officers Retirement Allowance

To provide for the payment of officers' post-retirement allowance, the Company and its consolidated subsidiaries accrue an estimated amount of lump sum retirement allowance assuming that officers retire at the closing date.

- Reserve for Repairs

To provide for periodic tank inspections required under the Fire Service Law and for periodic repairs of machinery and equipment, the Company and two of its consolidated subsidiaries accrue an estimated reserves for the consolidated accounting period, based on actual payments and repair plans, respectively.

- Reserve for Offshore Well Abandonment

To provide for expenses for offshore well abandonment to be incurred when natural gas production is terminated, the Company accrues an estimated amount using the unit of production method.

(4) Translation Method for Foreign Currency Assets and Liabilities

Foreign currency assets and liabilities are translated into the yen at the spot rate at the closing date and any difference in exchange rate is reflected in income.

(5) Accounting for Finance Lease Transactions
The same accounting treatment is employed for finance lease transactions without transfer of ownership of leased items to lessee as for ordinary operating lease transactions.

(6) Consolidated Statement of Income does not include consumption tax.

4. Evaluation Method for Assets and Liabilities of Consolidated Subsidiaries
Assets and liabilities of the consolidated subsidiaries are evaluated using the partial fair value method.

5. Change in Basics for the Development of Consolidated Financial Statements
(1) Accounting Standard for Presentation of Net Assets in the Balance Sheet
"Accounting standard for presentation of net assets in the balance sheet" and "its implementation guideline" were issued by the Accounting Standards Board of Japan ("ASBJ"), on December 9, 2005 as "Accounting Standard No.5" and "Guideline No.8". The standard and guideline are effective from the accounting period that ends after May 1, 2006, and the Company has applied them from this accounting period for consolidated financial statements. The amount of "Shareholders' Equity" based on the previous standard is 248,221million yen.
The changes in presentation in the consolidated balance sheet due to adoption of the new ASBJ requirements are as follows;
① "Shareholders' Equity" in the prior period is changed in this period, to "Net Assets" including "Owners' Equity", "Valuation and Translation Adjustments", and "Minority Interests".
② "Paid-in Capital", "Capital Surplus", and "Earned Surplus" which were independently identified in the prior period are included in "Owners' Equity" in this period.
③ "Net Unrealized Holding Gains on Securities", presented under "Retained Earnings" in the prior period, is included in "Valuation and Translation Adjustments" in this period.
④ "Minority Interests", presented in "Liabilities" in the prior period, is presented as an independent item included in "Net Assets" in this period.

(2) Revision of accounting standard for Treasury Shares and Appropriation of Legal Reserve
Revised "Accounting Standard for Treasury Shares and Appropriation of Legal Reserve" and its implementation guideline were issued by ASBJ on December 27, 2005 as "Accounting Standard No.1" and "Guideline No.2". The Company has applied the standard and guideline from this accounting period for consolidated financial statements. There is no P/L impact from this application.
The changes in presentation in the consolidated balance sheet are as follows:
In the prior period, "Treasury Stock", which is a deduction from the amount of "Shareholders' Equity", is presented at the bottom of "Shareholders' Equity". From this accounting period, "Treasury Stock", which is a deduction from "Owners' Equity", is presented at the bottom of "Owners' Equity".

6. Addition Information
-Goodwill
From this accounting period, "Consolidation Adjustment Account" is included in "Goodwill" based on the rules of accounting (Ordinance No. 13 of the Ministry of Justice, February 7, 2006) which is a subsidiary ordinance of the New Company Law (Law No. 86) effective on May 1, 2006.

II. Notes to Consolidated Balance Sheet

1. Security Rights Established on Assets

(1) Mortgaged Assets

Assets	Amounts	Mortgage on Factory Foundation
Building and Structures	7,948 million yen	7,948 million yen
Tanks	1,611	1,611
Machinery, Equipment and Vehicles	15,888	15,888
Tools, Furniture and Fixtures	51	51
Land	27,899	8,871
Total	53,399	34,371

(2) Mortgaged Liabilities by Security Rights

Liabilities	Amounts	Mortgage on Factory Foundation
Short-term Debt	422 million yen	- million yen
Long-term Debt	624	-
Gasoline Tax etc., Payable	56,814	-
Total	57,860	-

In addition to the above and the obligation for guarantees shown in the item 3, the company committed to offer a contract of mortgage on factory foundation for short-term debt (1,412million of yen) and long-term debt (7,410million of yen) .

Assets	Amounts
Building and Structures	14,037 million yen
Tanks	1,448
Machinery, Equipment and Vehicles	15,491
Tools, Furniture and Fixtures	295
Land	847
Total	32,120

2. Accumulated depreciation directly deducted from Property, Plant and Equipment 756,481 million yen

3. Obligations for Guarantees

Guarantees	Amounts	Contents
Shimizu LNG K.K.	2,497 million yen	Reservation Guarantee for Bank Loan
Company Employees	322	Guarantee for Bank Loan
K.K. Ryuseki Nenryo	217	〃
Okada Sekiyu K.K.	84	〃
Others (7 companies)	228	〃
Total	3,349	

(Note) For the debt (4,920million of yen) of Shimizu LNG K.K. from the Development Bank of Japan, it has closed a contract regarding reservation of mortgage settlement, in which its land (book value 747million of yen) was collateralized.

III. Notes to Consolidated Statement of Changes in Net Assets

1. Number of Shares Issued as of December 31,2006

Category	Dec. 31,2005	Increase	Decrease	Dec. 31, 2006
Common Stock	583,400,000 Shares	- Shares	- Shares	583,400,000 Shares

2. Dividends

Resolution	Category	Total Amount of Dividend	Dividend per Share	Reference date	Effective date
Annual General Shareholder's Meeting held at March 28, 2006	Common Stock	10,791 million of yen	18.50 yen	December 31, 2005	March 29, 2006
Board of Directors held at August 22, 2006	Common Stock	10,790 million of yen	18.50 yen	June 30, 2006	September 25, 2006

3. Planning Resolution at Annual General Shareholder's Meeting on March 27, 2007

Planning Resolution	Category	Source of Dividend	Total Amount of Dividend	Dividend per Share	Reference date	Effective date
March 27, 2007	Common Stock	Retained Earnings	10,789 million of yen	18.50 yen	December 31, 2006	March 28, 2007

IV. Notes to Financial Data per Share

Net Assets per share 425.60 yen

Net Income per share 68.27 yen

Ⅴ. Unit of Amount

Amounts are shown in truncated million of yen.

Balance Sheet

(As of December 31, 2006)

(Unit: Million yen)

Account Title	Amount	Account Title	Amount
(ASSETS)		(LIABILITIES)	
Ⅰ Current Assets		Ⅰ Current Liabilities	
Cash and Cash Equivalents	198	Trade Accounts Payable	369,281
Trade Accounts Receivable	517,480	Gasoline Tax etc., Payable	224,555
Products and Goods	34,886	Short-tem Debt	41,401
Unfinished Products	30,307	Commercial Paper	5,000
Crude Oil	101,057	Other Accounts Payable	16,668
Supplies	3,655	Accrued Expense	11,986
Prepaid Expenses	2,236	Accrued Income Taxes	3,543
Deferred Tax Assets	3,978	Accrued Consumption Taxes	6,265
Short-term Loans Receivable	36,055	Guarantee Deposits Payable	12,637
Other Accounts Receivable	4,647	Advance from Customers	5,995
Others	2,209	Reserve for Bonuses	1,122
Bad Debt Allowance	△ 202	Others	1,109
Total Current Assets	**736,511**	**Total Current Liabilities**	**699,567**
		Ⅱ Long-term Liabilities	
Ⅱ Long-term Assets		Long-tem Debt	11,625
Property, Plant and Equipment		Reserve for Accrued Pension Costs	34,645
Buildings	15,720	Reserve for Officers' Retirement Allowance	167
Structures	31,034	Reserve for Repairs	14,919
Tanks	5,266	Reserve for Offshore Well Abandonment	2,234
Machinery and Equipment	54,954	Others	1,345
Cars and Vehicles	80	**Total Long-term Liabilities**	**64,937**
Tools, Furniture and Fixtures	1,377	**Total Liabilities**	**764,505**
Land	73,768		
Incomplete Construction	25,528	(NET ASSETS)	
Total Property, Plant and Equipment	**207,730**	Ⅰ Owners' Equity	
		1 Paid-in Capital	35,123
		2 Capital Surplus	
Intangible Assets		(1) Capital Legal Surplus	20,741
Leasehold	1,909	(2) Other Capital Surplus	24
Software	2,891	**Total Capital Surplus**	**20,766**
Utility Rights	320	3 Earned Surplus	
Total Intangible Assets	**5,121**	(1) Earned Legal Surplus	8,780
		(2) Other Earned Surplus	
		Reserve for Replacement of Property	18,067
Investments and Other Assets		Reserve for Main Exploration	239
Investment Securities	5,639	Reserve for Special Depreciation	20
Stock of Subsidiaries	13,487	Earned Surplus Brought Forward	138,670
Long-term Loans Receivable	1,126	**Total Earned Surplus**	**165,778**
Long-term Deposits	5,328	4 Treasury Stock	△ 206
Deferred Tax Assets	7,307	**Total Owners' Equity**	**221,461**
Others	4,680	Ⅱ Valuation and Translation Adjustments	
Bad Debt Allowance	△ 517	Valuation Difference on Available-for-Sales Securities	448
Total Investments and Other Assets	**37,052**		
Total Long-term Assets	**249,904**	**Total Valuation and Translation Adjustments**	**448**
		Total Net Assets	**221,909**
Total Assets	**986,415**	**Total Liabilities and Net Assets**	**986,415**

Statement of Income

From: January 1, 2006
To: December 31, 2006

(Unit : Million Yen)

Account Title	Amount	
Ⅰ Sales Revenues		3,027,083
Ⅱ Cost of Sales		2,968,011
Gross Margin		**59,071**
Ⅲ Selling, General and Administrative Expenses		25,331
Operating Income		**33,739**
Ⅳ Non-operating Income		
Interest Income	704	
Dividends Received	55,153	
Foreign Exchange Gain	6,037	
Others	231	62,127
Ⅴ Non-operating Expenses		
Interest Expenses	723	
Loss on Sales and Disposal of Supplies	23	
Others	2	749
Ordinary Income		**95,117**
Ⅵ Extraordinary Gain		
Gain on Liquidation of Investment Securities	503	
Gain on Sales of Property, Plant and Equipment	107	
Gain on Sales of Golf Membership	47	658
Ⅶ Extraordinary Loss		
Loss on Asset Impairment	2,131	
Loss on Sales and Disposals of Property, Plant and Equipment	909	
Provision Loss on Reserve for Offshore Well Abandonment	672	3,712
Income Before Income Taxes		**92,063**
Current Income Taxes		14,412
Deferred Income Tax		450
Net Income		**77,200**

Statement of Changes in Net Assets

From: January 1, 2006
To: December 31, 2006

(Unit: Million yen)

	Owners' Equity											
		Capital Surplus			Earned Surplus							
						Other Earned Surplus						
	Paid-in Capital	Capital Legal Reserve	Other Capital Surplus	Total	Earned Legal Reserve	Reserve for Replacement Property	Reserve for Mine Exploration	Reserve for Special Depreciation	Earned Surplus brought Forward	Total	Treasury Stock	Total
Balance at December 31, 2005	35,123	20,741	28	20,770	8,780	21,467	258	161	79,491	110,160	△ 85	165,968
Changes of items during the period												
Dividends from Surplus	-	-	-	-	-	-	-	-	△ 21,582	△ 21,582	-	△ 21,582
Net Income	-	-	-	-	-	-	-	-	77,200	77,200	-	77,200
Purchase of Treasury Stock	-	-	-	-	-	-	-	-	-	-	△ 210	△ 210
Sales of Treasury Stock	-	-	△ 4	△ 4	-	-	-	-	-	-	90	85
Addition/ Withdrawal of Other Earned Surplus	-	-	-	-	-	△ 3,400	△ 19	△ 140	3,560	-	-	-
Net changes of items other than Owners' Equity	-	-	-	-	-	-	-	-	-	-	-	-
Total changes of items during the period	-	-	△ 4	△ 4	-	△ 3,400	△ 19	△ 140	59,178	55,618	△ 120	55,493
Balance at December 31, 2006	35,123	20,741	24	20,766	8,780	18,067	239	20	138,670	165,778	△ 206	221,461

	Valuation and Translation Adjustments		
	Valuation Difference on Available-for-Sales securities	Total	Total Net Assets
Balance at December 31, 2005	474	474	166,442
Changes of items during the period			
Dividends from Surplus	-	-	△ 21,582
Net Income	-	-	77,200
Purchase of Treasury Stock	-	-	△ 210
Sales of Treasury Stock	-	-	85
Addition/ Withdrawal of Other Earned Surplus	-	-	-
Net changes of items other than Owners' Equity	△ 26	△ 26	△ 26
Total changes of items during the period	△ 26	△ 26	55,467
Balance at December 31, 2006	448	448	221,909

Notes to Statements

I. Notes to Important Accounting Policies

1. Evaluation Methods for Assets

(1) Inventories

- Products, goods, unfinished products and crude: LIFO at the lower of cost or market
- Supplies: the moving-average method

(2) Securities

- Stock of subsidiaries and affiliated companies: the moving-average method
- Other securities

Marketable: market value at the closing date

(Valuation difference on available-for-sales securities is directly reflected in Owners' equity, and cost of sales is calculated using the moving-average method.)

Non-marketable: the moving-average method at cost

(3) Derivatives transactions: market value at the closing date

2. Depreciation and Amortization of Fixed Assets

(1) Property, Plant and Equipment: generally the declining-balance method

The service life ranges of major types of assets are:

Buildings and Structures:	10 years to 50 years
Tanks:	10 years to 25 years
Machinery and Equipment:	8 years to 15 years

(2) Intangible Assets: the straight-line method

In-house computer software is amortized over its service life (5 to 15 years) using the straight-line method.

3. Accounting standard for Major Reserves

- Bad Debt Allowance

To provide for the losses due to bad debt, the Company accrues an estimated bad debt allowances on ordinary receivables based on historical bad debt ratios, and on highly doubtful receivables based on the financial conditions of individual customers.

- Reserve for Bonuses

To provide for the payment of employees' bonuses, the Company accrues an estimated reserve for the accounting period.

- Reserve for Accrued Pension Costs

To provide for the payment of employees' post-retirement benefits, the Company accrues an estimated reserve based on projected benefit obligations and estimated pension plan assets as of the closing date. Any difference in actuarial calculations of retirement benefits are amortized beginning with the next accounting period, where the declining-balance method is employed over a period which is set within employees' average remaining service years (12 years). Prior service obligations are amortized using the straight-line method over employees' average remaining service years (15.5 years for 2003 and before, 12.9 years thereafter).

- Reserve for Officers Retirement Allowance
  To provide for the payment of officers' post-retirement allowance, the Company accrues an estimated amount of lump sum retirement allowance assuming that officers retire at the closing date.

- Reserve for Repairs
  To provide for periodic tank inspections required under the Fire Service Law and for periodic repairs of machinery and equipment, the Company accrues an estimated reserves for the accounting period, based on actual payments and repair plans, respectively.

- Reserve for Offshore Well Abandonment
  To provide for expenses for offshore well abandonment to be incurred when natural gas production is terminated, the Company accrues an estimated amount using the unit-of-production method.

4. Translation Method for Foreign Currency Assets and Liabilities
   Foreign currency assets and liabilities are translated into the yen at the spot rate at the closing date and any difference in exchange rate is reflected in income.

5. Accounting for Finance Lease Transactions
   The same accounting treatment is employed for finance lease transactions without transfer of ownership of leased items to lessee as for ordinary operating lease transactions.

6. Statement of Income does not include consumption tax.

7. Change in Important Accounting Policies

(1) Accounting Standard for Presentation of Net Assets in the Balance Sheet

Accounting standard for presentation of net assets in the balance sheet" and "its implementation guideline" were issued by the Accounting Standards Board of Japan ("ASBJ"), on December 9, 2005 as "Accounting Standard No.5" and "Guideline No.8". The standard and guideline are effective from the accounting period that ends after May 1, 2006, and the Company has applied them from this accounting period for financial statements. The amount of "Shareholders' Equity" based on the previous standard is 221,909 million yen.
The changes in presentation in the consolidated balance sheet due to adoption of the new ASBJ requirements are as follows;

① "Shareholders' Equity" in the prior period is changed in this period, to "Net Assets" including "Owners' Equity" and "Valuation and Translation Adjustments".

② "Paid-in Capital", "Capital Surplus", and "Earned Surplus" which were independently identified in the prior period are included in "Owners' Equity" in this period.

③ "Voluntary Reserves" which were included in "Retained Earnings" in the prior period are itemized in "Other Earned Surplus" in this period. With an adoption of the standard, the independent line of "Voluntary Reserves" is omitted in this period.

④ "Unappropriated Retained Earnings" which were included in "Retained Earnings" in the prior period are included in "Other Earned Surplus" as "Earned Surplus Brought Forward" in this period.

⑤ "Net Unrealized Holding Gains on Securities", presented under "Retained Earnings" in the prior period, is included in "'Valuation and Translation Adjustments" in this period.

(2) Revision of Accounting Standard for Treasury Shares and Appropriation of Legal Reserve

Revised "Accounting Standard for Treasury Shares and Appropriation of Legal Reserve" and its implementation guideline were issued by ASBJ on December 27, 2005 as "Accounting Standard No.1" and "Guideline No.2". The Company has applied the standard and guideline from this accounting period. There is no P/L impact from this application.

The changes in presentation in the balance sheet is as follows:

In the prior period, "Treasury Stock", which is a deduction from the amount of "Shareholders' Equity", is presented at the bottom of "Shareholders' Equity". From this accounting period, "Treasury Stock", which is a deduction from "Owners' Equity", is presented at the bottom of "Owners' Equity".

8. Change in presentation of accounts

The Company's interests in private limited companies, which was presented as "Investment in Subsidiaries" in "Investments and Other Assets" in the prior period are included in "Stock of Subsidiaries" under "Investments and Other Assets" from this period. As a result of the promulgation of "Preparation Law for the Related Laws of New Company Law" (Law No.87, 2006), the interests in private limited companies under former Private Company Law have been deemed as stocks of Stock Companies under the New Company Law (Law No.86, 2006) from May 1st, 2006. The Company's interests in private limited companies, which included in "Stock of Subsidiaries" in this period is 967 million yen. And due to the above law, the investments in subsidiaries, which was included in "Investment Securities" in the prior period, is presented in "Stock of Subsidiaries" from this accounting period. The amount of the investments in this period is 1,056 million yen.

Ⅱ. Notes to Balance Sheet

1. Security Rights Established on Assets

(1) Mortgaged Assets

Assets	Amounts	Mortgage on Factory Foundation
Building & Structures	1,444 million yen	1,444 million yen
Tanks	5,109	5,109
Machinery, Equipment and Vehicles	810	810
Tools, Furniture and Fixture	13,199	13,199
Land	24,360	5,331
Total	44,924	25,895

(2) Mortgaged Liabilities by Security Rights

Liabilities	Amounts	Mortgage on Factory Foundation
Short-term Debt	422 million yen	- million yen
Long-term Debt	624	-
Gasoline Tax etc., Payable	53,541	-
Total	54,587	-

In addition to the above and the obligation for guarantees shown in the item 3, the company committed to offer a contract of mortgage on factory foundation for short-term debt (1,412million of yen) and long-term debt (7,410million of yen) .

Assets	Amounts
Building	2,068 million yen
Structures	11,968
Tanks	1,448
Machinery and Equipment	15,463
Land	847
Others	323
Total	32,120

2. Accumulated depreciation directly deducted from Property, Plant and Equipment 641,327 million yen

3. Obligations for Guarantees

Guarantees	Amounts	Contents
Shimizu LNG K.K.	2,497 million yen	Reservation Guarantee for Bank Loan
Company Employees	236	Guarantee for Bank Loan
K.K. Ryuseki Nenryo	217	〃
Okada Sekiyu K.K.	84	〃
Others (7 companies)	228	〃
Total	3,262	

(Note) For the debt (4,920million of yen) of Shimizu LNG K.K. from the Development Bank of Japan, it has closed a contract regarding reservation of mortgage settlement, in which its land (book value 747million of yen) was collateralized.

4. Details of Receivable from and Payable to Subsidiaries

Receivable

Notes and Trade Accounts Receivable	373,678	million yen
Short-term Loans Receivable	35,880	million yen
Other Accounts Receivable	2,540	million yen

Payable

Notes and Trade Accounts Payable	106,445	million yen
Short-term Debt	1,809	million yen
Accrued Expense	4,406	million yen

Ⅲ. Notes to Statement of Income

Transaction Amounts with Subsidiaries

Trade Transaction	Sales revenues	1,938,806	million yen
	Cost of Sales, etc.	413,729	million yen
	Total	2,352,535	million yen
Others		55,539	million yen

IV. Notes to Statement of Changes in Net Assets

Treasury Stock

Category	Dec. 31,2005	Increase	Decrease	Dec. 31, 2006
Common Stock	70,505 Shares	180,158 Shares	75,185 Shares	175,478 Shares

(Major cause of movement)

Increase and decrease of Treasury Stock is due to purchase and sales of odd-lot stocks.

Ⅴ. Notes to Deferred Tax Accounting

Breakdown of Deferred Tax Assets and Deferred Tax Liabilities

(Deferred Tax Assets)		
Reserve for Retirement Allowance	14,319	million yen
Excess over Deduction Limit of Reserve for Turnaround	4,050	
Variance from different Inventory Evaluations	1,628	
Asset Impairment	1,555	
Enterprise Tax Payable	1,021	
Others	3,511	
Total Deferred Tax Assets	26,087	
(Deferred Tax Liabilities)		
Reserve for Replacement of Property	△ 12,395	million yen
Unrealized Holding Gains on Securities	△ 307	
Other	△ 2,098	
Total Deferred Tax Liabilities	△ 14,800	
Net of Deferred Tax Assets	11,286	

VI. Notes to Lease Transactions

Finance leases without transfer of ownership of leased items to lessees

1. Acquisition cost equivalent, Accumulated depreciation equivalent and Net book value equivalent at the closing dates

Assets	Acquisition amount equivalent	Accumulated depreciation equivalent	Outstanding balance
Tanks	301 million yen	278 million yen	23 million yen
Property, Plant, Equipment and Other	150	54	96
Total	452	332	120

(Note) The acquisition cost equivalent amounts include interest-equivalent expenses, since the outstanding balance of accrued lease fee at the end of period is immaterial considering the total amount of property, plant and equipment.

2. Outstanding balance of accrued lease fees at the closing dates

Due within one year	51 million yen
Due over one year	68
Total	120

(Note) The outstanding balances of accrued lease fees include interest-equivalent expenses, since the outstanding balance of accrued lease fee at the end of period is immaterial considering the total amount of property, plant and equipment.

3. Lease fees paid and depreciation expense equivalent

Lease fees paid	137 million yen
Depreciation Expenses equivalent	137 million yen

4. Calculation method for depreciation expense equivalent

The Straight-line method with no residual value, where a lease period is treated as a period of depreciation.

VII. Notes to Financial data per share

Net Assets per share	380.49 yen
Net Income per share	132.36 yen

VIII. Unit of Amount

Amounts are shown in truncated million of yen.

<u>Independent Auditors' Report</u>
(English Translation*)

February 15, 2007

To the Board of Directors of TonenGeneral Sekiyu K.K.

PricewaterhouseCoopers Aarata

Norio Igarashi, CPA
Designated and Engagement Partner

Masahiro Yamamoto, CPA
Designated and Engagement Partner

We have audited, pursuant to Article 444 (4) of the "Corporate Law" of Japan, the consolidated financial statements, which consist of the consolidated balance sheet, consolidated profit and loss statement, consolidated statement of change in net assets and notes to the consolidated financial statements of Tonen General Sekiyu K.K. (hereinafter referred to as the "Company") for the fiscal year from January 1, 2006 to December 31, 2006. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit is performed on a test basis and includes assessing the accounting principles used by management including how they are applied and estimates made by management, as well as examining the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of the Company and its subsidiaries for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountant Law of Japan.

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* The original audit report is in Japanese. This English translation is for readers' convenience and reading this translation is not a substitute for reading the original audit report in Japanese.

Independent Auditors' Report
(English Translation*)

February 15, 2007

To the Board of Directors of TonenGeneral Sekiyu K.K.

PricewaterhouseCoopers Aarata

Norio Igarashi, CPA
Designated and Engagement Partner

Masahiro Yamamoto, CPA
Designated and Engagement Partner

We have audited, pursuant to Article 436 (2) 1 of the "Corporate Law" of Japan, the financial statements, which consist of the balance sheet, profit and loss statement, statement of change in net assets and notes to the financial statements, and the supplementary schedules of Tonen General Sekiyu K.K. (hereinafter referred to as the "Company") for the 87th fiscal year from January 1, 2006 to December 31, 2006. These financial statements and supplementary schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and supplementary schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we obtain reasonable assurance about whether the financial statements and supplementary schedules are free of material misstatement. An audit is performed on a test basis and includes assessing the accounting principles used by management including how they are applied and estimates made by management, as well as examining the overall presentation of the financial statements and supplementary schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations for the period covered by the financial statements and supplementary schedules in conformity with accounting principles generally accepted in Japan.

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountant Law of Japan.

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* The original audit report is in Japanese. This English translation is for readers' convenience and reading this translation is not a substitute for reading the original audit report in Japanese.

(Translation)

Audit Report

The Board of Statutory Auditors (BOSA) has reviewed the audit reports individually prepared by each auditor and reached the consensus to prepare this Audit Report after deliberation among the auditors regarding Directors' execution of duties for the 87th fiscal period from January 1, 2006 to December 31, 2006. Our opinion is as follows:

1. Outline of the Statutory Audit by Individual Auditors and by the BOSA

(1) On March 28, 2006, the BOSA held the meeting with attendance of all the statutory auditors, and resolved on the audit standards, audit policy, audit plan, and assignment of work among the auditors. The statutory auditors conducted the audit based on the resolution. For those items deemed necessary or appropriate, individual auditors conducted audit from time to time, despite the above resolution.

(2) Individual statutory auditors made their best efforts to keep good communications with the directors and the internal audit and other functions and to collect information and maintain an appropriate audit environment. At the same time, we attended the Board of Directors (BOD) meetings, monthly management meetings and other important meetings. As to the BOD meetings, all the statutory auditors examined proposals in advance, and observed the process and results of their reviews covering the matters brought up for resolution and/or report by attending the BOD meetings. Also we asked questions and expressed opinions from time to time as necessary.

(3) We audited the Head Office departments (including business operations entrusted to ExxonMobil Y. K.), the refineries, the research laboratory, the terminals, the major branches of ExxonMobil Y. K., and an ExxonMobil overseas affiliate, with whom the Company entrusts its administrative operations, by visiting those sites based on the assigned responsibilities.

(4) For the subsidiaries, we maintained communications and exchanged information with their directors and Statutory Auditors. Also, we periodically received reports on their business performance and visited their sites as necessary.

(5) Regarding the systems to ensure directors' execution of duties to be in compliance with the laws and the Articles of Incorporation and to secure appropriate business conduct of the Company (so called internal control systems), we examined the BOD resolution thereon and monitored the state of their implementation.

(6) As to the internal audit function, we received advanced briefings on the audit plans and in-depth explanations regarding the results of the internal audits, from both auditee and auditor managements, as those audits were completed. Also, we

discussed the state of the internal control systems, from time to time, and confirmed that the necessary counter-measures for the audit comments were timely taken.

(7) For the accounting audit (by PwC), we received explanation of the audit plan from the Accounting Auditor in advance, had discussions with them, and received the reports of their audit results. Furthermore, we monitored and examined that they kept independence and conducted appropriate audits, received reports on the status of their audit work, and asked for their explanations as necessary. Also, we were advised by the Accounting Auditor that they had their own internal control systems in place and asked for explanations thereon as necessary.

(8) We monthly held the Board of Statutory Auditors or periodic auditors' meetings in order to discuss the results of the audits conducted by individual auditors and to exchange opinions in order to share information in common. We communicated our opinion as necessary, in writing or orally, about the result of our survey or audit to the responsible director or manager in charge of the department.

(9) Based on the above stated steps, we examined the business report and its attached specifications for the current fiscal year. We also examined the financial statements (balance sheet, income statement, statement of changes in net assets, and notes thereon), the attached specifications, and the consolidated financial statements (consolidated B/S, consolidated I/S, consolidated statement of changes in net assets, and consolidated notes thereon).

2. Result of the audit

(1) Result of the business report audit

It is our opinion that:

(i) the business report and its attached specifications presents fairly the status of the Company's business conditions in conformity with the applicable laws and the Articles of Incorporation.

(ii) there is no indication of important wrongdoings or violation of laws and the Articles of Incorporation in Directors' execution of duties.

(iii) the contents of the BOD resolution on the internal control systems were appropriate.

Also, there is no item to be noted on the Directors' executions of duties regarding the internal control systems.

(2) Result of the financial statements /attached specifications audit

The methods and results of audits conducted by Aarata Audit Corporation, our Accounting Auditor, are appropriate.

(3) Result of the consolidated financial statements audit

The methods and results of audits conducted by Aarata Audit Corporation, our Accounting Auditor, are appropriate.

February 22, 2007

The Board of Statutory Auditors
TonenGeneral Sekiyu Kabushiki Kaisha

Nobuaki Miyajima, Statutory Auditor-Full Time
Hisayoshi Kobayakawa, Statutory Auditor-Full Time (Outside Auditor)
Shunji Ikeda, Statutory Auditor (Outside Auditor)

Reference Materials for the Shareholders' Meeting

Items for Resolution

Item No.1: Approval of Proposed Retained Earnings Distribution

This item shall be proposed as follows:

Term-end dividend

Our basic policy is to deliver appropriate and stable dividends to shareholders, while maintaining a sound financial structure and giving due consideration to cash flow trends.

As the term-end dividend for the 87th business term, it is proposed that the Company pay a cash dividend of ¥18.50 per share.

Total amount of payment: ¥10,789,653,657

As the Company paid an interim dividend of ¥18.50 per share, the total amount of dividends for the 87th term shall be ¥37 per share.

The dividend shall be paid on March 28, 2007

Item No.2: Partial Amendment to the Articles of Incorporation

(1) Reasons

Company Law (Law No. 86 of 2005), Rule for Enforcement of the Company Law (Ministry of Justice Ordinance No.12 of 2006), Rule of Accounts of Companies (Ministry of Justice Ordinance No.13 of 2006) and Law Concerning Preparation, Etc. for Relevant Laws Due to Enforcement of the Company Law (Law No. 87 of 2005) became effective on May 1, 2006. In line with the above Laws and Rules, it is proposed to amend the current Articles as below:

① Article 15-2 allows for disclosures via the internet and should be adopted. Such disclosures are deemed delivery for purposes of a General Meeting of Shareholders.

② Article 17 should be amended in order to specify one (1) proxy per shareholder relating to the exercise of voting rights by proxy at a General meeting of Shareholders

③ The Supplemental Provision which provides the date when the Articles of Incorporation revision became effective is no longer necessary as a result of the above Laws and Rules. It should be deleted.

(2) Proposed draft of the amendment

Described below are the proposed amendments and the current provisions of the Articles of Incorporation.

(The amendments are underlined.)

Current Provisions	Provisions to be amended
(New provision)	Article 15-2 (Disclosure and deemed delivery of the reference document, etc. on the Internet for purposes of a General Meeting of Shareholders) If the Company discloses its annual report, account documents and consolidated account documents, through the internet in the manner prescribed by the Ministry of Justice Ordinance for the convocation of its general meeting of shareholders, the above documents will be deemed delivered to the shareholders.
Article 17 (Exercise of Voting Rights by Proxy) A shareholder may exercise his voting rights by proxy. A document evidencing the authority shall be submitted to the Company at the time of each general meeting of shareholders.	Article 17 (Exercise of Voting Rights by Proxy) A shareholder may exercise his voting rights by proxy, but only one proxy per shareholder. A document evidencing the authority shall be submitted to the Company at the time of each general meeting of shareholders.
Supplementary Provision The amendments to the current Articles 5 (except for the amendment of the total number of authorized shares), 5-2, 6, 6-2, 8, 9, 10, 13, 16, 17, 22-2, 23, 24, 27, 28, 29 and 30, and establishment to new provision of Article 4, 10-1, 23 and 32 and conforming changes to Chapter and Articles numbers are to become effective as of the effective date of the New Company Law and the Preparation Law.	(To be deleted)

Item No.3: Election of Five Directors of the Board

Since the term of office for all directors (5) expires at the close of the ordinary general meeting of shareholders for the 87th business term, the following five candidates are proposed for election as directors of the board.

No.	Name (Date of Birth)	Personal History, Incumbent Representative Directorship of Other Companies, and Incumbent Position/Responsibility of the Company	Number of Shares of the Company Held
1	D. G. Wascom (Apr. 17, 1956)	2/1979 Joined Exxon Company USA 1/2000 Manager, Beaumont Refinery, ExxonMobil Refining and Supply Company, a Division of Exxon Mobil Corporation 1/2004 Manager, Global Logistic Optimization, Exxon Mobil Refining and Supply Company, a Division of Exxon Mobil Corporation 2/2005 Vice President, Industrial and Wholesale Fuels, ExxonMobil Fuels Marketing Company, a Division of Exxon Mobil Corporation 3/2006 Director, TonenGeneral Sekiyu K.K. 7/2006 Representative Director, Tonen Kagaku K.K. (Present) 7/2006 Representative Director, Chairman & President, TonenGeneral Sekiyu K.K. (Present) 7/2006 Representative Director, President, ExxonMobil Y. K. (Present)	None
2	K. Suzuki (July 21, 1947)	4/1972 Joined Tonen Corporation (currently TonenGeneral Sekiyu K.K.) 7/2000 Director, ExxonMobil Business Services Y.K. (currently ExxonMobil Yugen Kaisha) (Present) 3/2001 Director, Manager Supply & Demand, TonenGeneral Sekiyu K.K. 7/2001 Representative Director, President, TonenGeneral Kaiun Y.K. (Present) 3/2002 Representative Director, Managing Director/Manager Supply & Demand, TonenGeneral Sekiyu K.K. 10/2003 Representative Director, Managing Director/Supply Manager, TonenGeneral Sekiyu K.K. 6/2005 Representative Director, Vice President, TonenGeneral Sekiyu K.K. (Present)	2,000

No.	Name (Date of Birth)	Personal History, Incumbent Representative Directorship of Other Companies, and Incumbent Position/Responsibility of the Company	Number of Shares of the Company Held
3	J. Mutoh (Aug. 20, 1959)	4/1982 Joined General Sekiyu K.K. (Currently TonenGeneral Sekiyu K.K.) 4/2002 Manager, Process/Equipment, Japan Regional Engineering Office, TonenGeneral Sekiyu K.K. 7/2002 Manager, Equipment, Asia Pacific Regional Engineering Office, TonenGeneral Sekiyu K.K. 3/2003 Wakayama Refinery Manager, TonenGeneral Sekiyu K.K. 3/2004 Director, Wakayama Refinery Manager, TonenGeneral Sekiyu K.K. 3/2006 Representative Director, Managing Director, Wakayama Refinery Manager, TonenGeneral Sekiyu K.K. 3/2006 Director, Kyokuto Petroleum Industries, Ltd. (Present) 4/2006 Representative Director, Managing Director, Kawasaki Refinery Manager, TonenGeneral Sekiyu K.K. (Present)	2,000
4	W. J. Bogaty (Sept. 13, 1947)	6/1972 Joined Mobil Corporation 7/2000 Representative Director, President, ExxonMobil Business Services Y.K. (currently EMYK) 7/2000 Director, TonenGeneral Sekiyu K.K. (Present) 6/2002 Representative Director, Vice President (Services), ExxonMobil Y.K. (Present)	8,000
5	Y. Miyahara (June 7, 1958)	4/1982 Joined Mobil Sekiyu K.K. (currently, ExxonMobil Y.K. (EMYK)) 10/2001 Strategy Study Manager, ExxonMobil Marketing Services YK (currently EMYK) 6/2002 Marketing Support Manager, EMYK 7/2004 Executive Coordinator, EMYK 7/2005 Director, Retail Manager, EMYK (Present) 3/2006 Director, TonenGeneral Sekiyu K.K. (Present)	None

Notes: 1. The above candidates Messrs. D. G. Wascom and W. J. Bogaty are representative directors of ExxonMobil Y.K., and Mr. Y. Miyahara is Director, Retail Manager, of ExxonMobil Y.K. ExxonMobil Y.K. is engaged in the same business as the Company (sales of petroleum products).The Company supplies petroleum products and entrusts its marketing and administrative functions to

ExxonMobil Y.K.. In addition, ExxonMobil Y.K. entrusts logistics services to the Company.

2. The other candidates have no special interest with the Company.

Item No.4: Election of Three Statutory Auditors

Since the term of office for all statutory auditors (3) expires at the close of the ordinary general meeting of shareholders for the 87th business term, the following three candidates are proposed for election as statutory auditors.

The board of statutory auditors has consented to submit this item to this ordinary general meeting of shareholders.

No.	Name (Date of Birth)	Personal History, Incumbent Representative Directorship of Other Companies, and Incumbent Position/Responsibility of the Company	Number of Shares of the Company Held
1.	N. Miyajima (July 2, 1941)	4/1968 Joined Esso Standard Sekiyu K.K. (currently ExxonMobil Y. K.) 3/1992 Director, Tonen Corporation (currently TonenGeneral Sekiyu K. K.) 11/1995 Managing Director, Esso Sekiyu K.K. (currently ExxonMobil Y. K.) 1/1999 MSA General Manager, Esso Sekiyu / General Sekiyu 6/2000 Statutory Auditor, Nansei Sekiyu K. K. (Present) 7/2000 Statutory Auditor, TonenGeneral Sekiyu K. K. 3/2002 Statutory Auditor (Full time), TonenGeneral Sekiyu K. K. (Present) 3/2004 Statutory Auditor, Tonen Kagaku K. K. (Present)	None
2.	H. Kobayakawa (Jan. 18, 1941)	10/1964 Joined Price Waterhouse Accounting Office 7/1996 Executive Representative Partner, Aoyama and Senior Partner of P&W Japan 1/2000 Temporary Statutory Auditor, General Sekiyu K.K. (currently TonenGeneral Sekiyu K. K.) 3/2000 Statutory Auditor, General Sekiyu K. K. (currently TonenGeneral Sekiyu K. K.) (Present) 3/2001 Statutory Auditor, Tonen Kagaku K. K. 3/2004 Statutory Auditor, Tonen Kagaku K. K. (Present)	10,000

3.	T. Yamamoto (Dec. 23, 1948)	4/1972 Joined Mitsubishi Bank 3/1981 Mitsubishi Bank of Europe (Brussels, Belgium) 10/1983 Mitsubishi Finance International (London, UK) 1/1988 Mitsubishi Bank, International Planning Division, Planning Group, Chief Manager 1/1992 Milan Branch, General Manager 5/1997 Shinbashi-ekimae Branch, General Manager 7/1999 Director, Tokyo-Mitsubishi Securities 6/2000 Statutory Auditor, Konami Corporation	None

Notes: 1.The above candidates have no special interest with the Company.
2. Messrs. H. Kobayakawa and T. Yamamoto are candidates for outside statutory auditors.

Item No.4: Election of One Alternate Statutory Auditor

Since the term of the Alternate Statutory Auditor expires at the commencement of this general meeting of shareholders, the following candidate is proposed for election as an Alternate Statutory Auditor in order to fill a deficiency in the number of statutory auditors, three (3) which is the minimum number the laws require, caused for any reason before expiration of his term of office.

The board of statutory auditors has consented to submit this item to this ordinary general meeting of shareholders.

Name (Date of Birth)	Personal History, Incumbent Representative Directorship of Other Companies, and Incumbent Position/Responsibility of the Company	Number of Shares of the Company Held
S. Ikeda (Feb. 2, 1941)	4/1964 Joined Esso Standard Sekiyu K.K. (currently EMYK) 8/1996 Representative Director, President, Exxon Chemical Japan Limited (currently EMYK) 1/2001 Representative Director, General Manager, SNPE Japan K.K. 12/2001 Representative Director, Chairman, SNPE Japan K.K 3/2002 Statutory Auditor, Tonen Chemical Corporation (Present) 3/2002 Statutory Auditor, TonenGeneral Sekiyu K.K. (Present)	None

Notes: 1. The above candidate has no special interest with the Company.

2. The above candidate, Mr. S. Ikeda, satisfies the qualification as an outside statutory auditor.

Item No. 6: Election of Accounting Auditor

Since the term of office for Accounting Auditor, PricewaterhouseCoopers Aarata, which was elected as an interim accounting auditor at the board of statutory auditors meeting held on August 22, 2006, expires at the close of the ordinary general meeting of shareholders for the 87th business term, the following candidate shall be proposed for election as Accounting Auditor.

The board of statutory auditors has consented to submit this item to this ordinary general meeting of shareholders.

(1) Name: PricewaterhouseCoopers Aarata

(2) Location of principal office: Sumitomo Fudosan Mita Twin Building, East Wing 13th Floor, 4-2-8, Shibaura, Minato-Ku, Tokyo

(3) History: Date of establishment : June 1, 2006
Date business operations commenced: July 1, 2006

(4) Capital: ¥554 million

(5) Number of staff: 1,140 (As of January 31, 2007)

Item No. 7: Presentation of Retirement Reward to Retiring Statutory Auditor

It is proposed that a presentation of retirement reward, in reasonable amount, be made in accordance with the standard set by the Company, to Mr. S. Ikeda, Statutory Auditor, who will retire from his office at the close of the ordinary general meeting of shareholders for the 87th business term, in consideration of his meritorious services during the term of office. It is also proposed that the specific amount, timing and manner, etc. of presentation to the retiring statutory auditor be left to the discretion of the statutory auditors.

His personal history is as follows:

Name	Personal History
S. Ikeda	3/2002 Statutory Auditor, TonenGeneral Sekiyu K.K. (Present)